

Ms. Jennifer J. Johnson  
Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street & Constitution Ave., N.W.  
Washington, D.C. 20551

March 12, 2004

Dear Ms. Johnson:

Thank you for the opportunity to comment on the proposed regulations pertaining to Check 21. The Iowa Credit Union League (the League) has an interest in the proposed changes, as it is the trade association representing 168 Iowa credit unions. The League's comments to the Board of Governors of the Federal Reserve System (the Board) are set forth below.

The Board requests comment on the following items relating to endorsement of substitute checks: 1) endorsement locations for reconverting institutions; 2) requiring all institutions to endorse in black ink; 3) permitting an institution to include its name and location in its endorsement; and 4) whether returning institutions should be allowed to endorse on the front of substitute checks. The League is in agreement with all of these proposed items. Returning institutions should be allowed the option to endorse on the front of substitute checks, as this will distinguish them from collecting institutions. Furthermore, this flexibility may become necessary if another endorsing institution includes its name and location in its endorsement, as space on the back of the check could become limited very quickly.

The Board specifically requests comment on whether using information from a check to create an ACH debit entry should be a payment request covered by the warranty against duplicative presentment. The League supports the inclusion of this type of transaction within the definition of those items covered by the warranty, as this practice is becoming increasingly common and, therefore, is in need of being covered by the warranty.

The Board requests comment on two issues involving the timing of consumer claims for recredit. First, the proposed rule provides that a credit union may require that a consumer's claim be in writing. If a credit union makes this requirement, it must compute the time period for acting on the claim from the date that the consumer submitted the written claim, even if the consumer previously provided some information relating to the claim in another form. Second, the Board proposes to use the term "banking day" to compute the time period for acting on a claim. Banking day means "that part of any business day on which an office of a bank is open to the public for carrying on substantially all of its banking function." The League supports both of these clarifications

regarding timing issues. Both of these clarifications potentially allow for longer investigatory periods for credit unions, which will help ensure that each investigation is accurate and complete.

The Board requests comment on its clarification that a credit union may reverse the interest paid on a consumer recredit that is later reversed following an investigation. The League agrees with this proposal, as it allows credit unions the flexibility to reverse interest paid if they desire to do so. In some situations, credit unions may prefer that interest payments not be reversed in order to further member relations.

Finally, the Board requests comment on whether it is worthwhile for sample notices regarding refunds, denials and reversals of consumer recredit claims to be included in the regulation, even though the use of these samples will not provide a financial institution with safe harbor. The League believes that the sample notices are worthwhile even if they do not give safe harbor. Credit unions are constantly create new language for a wide variety of required notices and other policies, so any guidance provided by regulators in this area is greatly appreciated.

Thank you again for the opportunity to comment.

Sincerely,

A handwritten signature in black ink that reads "Anne L. Whatley". The signature is written in a cursive, flowing style.

Anne L. Whatley  
Director of Regulatory Affairs  
Iowa Credit Union League